



**Federal Communications Commission
Enforcement Bureau
Investigations and Hearings Division
445 12th Street, SW, Suite 4-C330
Washington, D.C. 20554**

January 12, 2010

DA 10-35

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED
AND E-MAIL (jmorris@bouse-law.com) AND FACSIMILE (913) 649-9399

Mr. Leonard Douglas LaDuron
c/o Jeffrey D. Morris
Berkowitz Oliver Williams Shaw & Eisenbrandt, LLP
4200 Somerset, Suite #150
Prairie Village, KS 66208-5213

**Re: Notice of Suspension and Initiation of Debarment Proceedings,
File No. EB-10-IH-0108**

Dear Mr. LaDuron:

The Federal Communications Commission ("FCC" or "Commission") has received notice of your guilty plea for conspiracy to commit mail fraud, wire fraud and making false statements in violation of 18 U.S.C. §§ 2, 371, 1341, 1343 and 1001 in connection with your participation in the schools and libraries universal service support mechanism ("E-Rate program").¹ Consequently, pursuant to 47 C.F.R. § 54.8, this letter constitutes official notice of your suspension from the E-Rate program. In addition, the Enforcement Bureau ("Bureau") hereby notifies you that we are commencing debarment proceedings against you.²

¹ Any further reference in this letter to "your conviction" refers to your guilty plea and subsequent conviction of counts one and three for conspiracy to commit mail fraud, wire fraud and making false statements. *United States v. Leonard Douglas LaDuron*, Criminal Docket No. 2:08CR20055-001-KHV, Petition to Enter Plea (D. Kan. filed June 29, 2009 and entered June 30, 2009) ("Leonard LaDuron Plea"); *United States v. Leonard Douglas LaDuron*, Criminal Docket No. 2:08CR20055-001-KHV, Judgment (D. Kan. filed and entered Dec. 23, 2009) ("Leonard LaDuron Judgment"). See also *United States v. Leonard Douglas "Doug" LaDuron*, Criminal Docket No. 2:08CR20055-001-KHV, Indictment, 1-10, 11-14 (D. Kan. filed Apr. 24, 2009 and entered Apr. 25, 2009)(Counts 1 and 3)("LaDuron Indictment").

² 47 C.F.R. § 54.8. See also 47 C.F.R. § 0.111 (delegating to the Enforcement Bureau authority to resolve universal service suspension and debarment proceedings). The Commission adopted debarment rules for the schools and libraries universal service support mechanism in 2003. See *Schools and Libraries Universal Service Support Mechanism*, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202 (2003) ("Second Report and Order") (adopting section 54.521 of the Commission's rules to suspend and debar parties from the E-Rate program). In 2007, the Commission extended the debarment rules to apply to all of the Federal universal service support mechanisms. *Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight; Federal-State Joint Board on Universal Service; Schools and Libraries Universal Service Support Mechanism; Lifeline and Link Up; Changes to the Board of Directors for the National Exchange Carrier Association, Inc.*, Report and Order, 22 FCC Rcd 16372, 16410-

I. Notice of Suspension

The Commission has established procedures to prevent persons who have “defrauded the government or engaged in similar acts through activities associated with or related to the schools and libraries support mechanism” from receiving the benefits associated with that program.³ On June 29, 2009, you, Leonard Douglas LaDuron,⁴ pleaded guilty to conspiracy to commit mail fraud, wire fraud, and making false statements in connection with your participation in the E-Rate program.⁵ Specifically, between 1999 and 2003, you held yourself out as an E-Rate consultant and salesperson for the purpose of defrauding the E-Rate Program.⁶ You admitted that you and others devised a scheme to defraud school districts and the E-Rate program by steering contracts to various companies that directly benefited you, your conspirators, and your companies, primarily Elephantine Corporation, Serious ISP, Inc., and Myco Technologies, Inc.⁷ In furtherance of the scheme, you submitted fraudulent and false documents to the Universal Service Administrative Company (“USAC”) claiming schools were paid or would pay their co-pay, submitted other materially false and fraudulent documents, and concealed your true identities, ownerships, and relationships from the school districts to induce schools to select your companies as service providers in violation of E-Rate Program rules.⁸ Ultimately, your scheme induced at least ten schools, in seven different states, to award contracts to your companies.⁹

On December 23, 2009, you were sentenced to serve fifty-seven months in federal prison, to be followed by thirty-six months of supervised release for your role in the scheme to defraud the E-Rate program. You were also ordered to pay \$238,609 in restitution for your role in the scheme.¹⁰

Pursuant to section 54.8 of the Commission’s rules, your conviction requires the Bureau to suspend you from participating in any activities associated with or related to the schools and libraries support mechanism.¹¹ Such activities include the receipt of funds or discounted services

12 (2007) (*Program Management Order*) (renumbering section 54.521 of the universal service debarment rules as section 54.8 and amending subsections (a)(1), (5), (c), (d), (e)(2)(i), (3), (e)(4), and (g)).

³ *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 66. The Commission’s debarment rules define a “person” as “[a]ny individual, group of individuals, corporation, partnership, association, unit of government or legal entity, however, organized.” 47 C.F.R. § 54.8(a)(6).

⁴ Also known as Doug LaDuron. *See Leonard LaDuron Indictment*.

⁵ *See supra* note 1. *See Leonard LaDuron Plea*. *See also* Department of Justice Press Release (Dec. 16, 2009), available at <http://kansascity.fbi.gov/dojpressrel/pressrel09/kc121609a.htm> (*DOJ December 2009 Press Release*).

⁶ *LaDuron Indictment* at 4-5.

⁷ *LaDuron Indictment* at 4; *Leonard LaDuron Plea* at 1-2.

⁸ *LaDuron Indictment* at 4-10, 11-12; *Leonard LaDuron Plea* at 1-3.

⁹ *LaDuron Indictment* at 8. *See also DOJ December 2009 Press Release* at 1.

¹⁰ *See Leonard LaDuron Judgment* at 1-3, 5 (ordering \$238,609 for your role in the schemes; \$217,771 in restitution to USAC and \$20,838). *See also DOJ December 2009 Press Release* at 1.

¹¹ 47 C.F.R. § 54.8(b)-(e); *see also* 47 C.F.R. § 54.8(a)(4). *See also Second Report and Order*, 18 FCC Rcd at 9225-27, ¶¶ 67-74.

through the schools and libraries support mechanism, or consulting with, assisting, or advising applicants or service providers regarding the schools and libraries support mechanism.¹²

Your suspension becomes effective upon the earlier of your receipt of this letter or publication of notice in the Federal Register, pending the Bureau's final debarment determination.¹³ In accordance with the Commission's debarment rules, you may contest this suspension or the scope of this suspension by filing arguments in opposition to the suspension, with any relevant documentation.¹⁴ Your request must be received within 30 days after you receive this letter or after notice is published in the Federal Register, whichever comes first.¹⁵ Such requests, however, will not ordinarily be granted.¹⁶ The Bureau may reverse or limit the scope of suspension only upon a finding of extraordinary circumstances.¹⁷ The Bureau will decide any request for reversal or modification of suspension within 90 days of its receipt of such request.¹⁸

II. Initiation of Debarment Proceedings

Your guilty plea and conviction of criminal conduct in connection with the E-Rate program, in addition to serving as a basis for immediate suspension from the program, also serves as a basis for the initiation of debarment proceedings against you. Your conviction falls within the categories of causes for debarment defined in section 54.8(c) of the Commission's rules.¹⁹ Therefore, pursuant to section 54.8 of the Commission's rules, your conviction requires the Bureau to commence debarment proceedings against you.²⁰

As with your suspension, you may contest debarment or the scope of the proposed debarment by filing arguments and any relevant documentation within 30 calendar days of the earlier of the receipt of this letter or of publication in the Federal Register.²¹ Absent extraordinary circumstances, the Bureau will debar you.²² The Bureau will decide any request for reversal or limitation of debarment within 90 days of receipt of such request.²³ If the Bureau decides to debar

¹² 47 C.F.R. § 54.8(a)(1); *see also* 47 C.F.R. § 54.8(a)(3).

¹³ 47 C.F.R. § 54.8(a)(7), (e)(1); *see also Second Report and Order*, 18 FCC Rcd at 9226, ¶ 69..

¹⁴ 47 C.F.R. § 54.8(e)(4).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ 47 C.F.R. § 54.8(e)(5).

¹⁸ *See Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(5),(f).

¹⁹ "Causes for suspension and debarment are the conviction of or civil judgment for attempt or commission of criminal fraud, theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice and other fraud or criminal offense arising out of activities associated with or related to the schools and libraries support mechanism." 47 C.F.R. § 54.8(c). Such activities "include the receipt of funds or discounted services through [the Federal universal service] support mechanisms, or consulting with, assisting, or advising applicants or service providers regarding [the Federal universal service] support mechanism." 47 C.F.R. § 54.8(a)(1).

²⁰ *See* 47 C.F.R. § 54.8(b), (c).

²¹ *See* 47 C.F.R. § 54.8(e)(3), (e)(5); *see also Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70.

²² 47 C.F.R. § 54.8(e)(5); *see also Second Report and Order*, 18 FCC Rcd at 9227, ¶ 74.

²³ *See* 47 C.F.R. § 54.8(e)(5), (f); *see also Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; .

you, its decision will become effective upon the earlier of your receipt of a debarment notice or publication of the decision in the Federal Register.²⁴

If and when your debarment becomes effective, you will be prohibited from participating in activities associated with or related to the schools and libraries support mechanism for three years from the date of debarment.²⁵ The Bureau may, if necessary to protect the public interest, extend the debarment period.²⁶

Please direct any response, if by messenger or hand delivery, to Marlene H. Dortch, Secretary, Federal Communications Commission, 445 12th Street, S.W., Room TW-A325, Washington, D.C. 20554, to the attention of Rebekah Bina, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, with a copy to Michele Levy Berlove, Acting Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, Federal Communications Commission. If sent by commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail), the response should be sent to the Federal Communications Commission, 9300 East Hampton Drive, Capitol Heights, Maryland 20743. If sent by first-class, Express, or Priority mail, the response should be sent to Rebekah Bina, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C330, Washington, DC, 20554, with a copy to Michele Levy Berlove, Acting Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C330, Washington, DC, 20554. You shall also transmit a copy of the response via email to Rebekah.Bina@fcc.gov and to Michele.Berlove@fcc.gov.

If you have any questions, please contact Ms. Bina via mail, by telephone at (202) 418-7931 or by e-mail at Rebekah.Bina@fcc.gov. If Ms. Bina is unavailable, you may contact Ms. Michele Levy Berlove, Acting Assistant Chief, Investigations and Hearings Division, by telephone at (202) 418-1477 and by e-mail at Michele.Berlove@fcc.gov.

²⁴ 47 C.F.R. § 54.8(e)(5). The Commission may reverse a debarment or may limit the scope or period of debarment upon a finding of extraordinary circumstances, following the filing of a petition by you or an interested party or upon motion by the Commission. 47 C.F.R. § 54.8(f).

²⁵ *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 67; 47 C.F.R. § 54.8(d),(g).

²⁶ 47 C.F.R. § 54.8(g).

Mr. Leonard Douglas LaDuron
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Sincerely,

Hillary S. DeNigro
Chief
Investigations and Hearings Division
Enforcement Bureau

cc: Marietta Parker, United States Attorney's Office, Department of Justice (via e-mail)
Kristy Carroll, Esq., Universal Service Administrative Company (via e-mail)